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CREDIT NUMBER 4359 - BD

# Development Credit Agreement

(Water Management Improvement Project)

between

PEOPLE'S REPUBLIC OF BANGLADESH

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated October 8, 2007

Public Disclosure Authorized



**CREDIT NUMBER 4359 - BD**

**DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT, dated October 8, 2007, between PEOPLE'S REPUBLIC OF BANGLADESH (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

WHEREAS (B) the Borrower has obtained from the Government of the Netherlands (the Netherlands) a grant in an amount equivalent to US\$20,000,000 (the Netherlands Grant), to be administered by the Association, to assist in financing part of the Project; and

WHEREAS (C) the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

**ARTICLE I**

**General Conditions; Definitions**

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through May 1, 2004) (the General Conditions), constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Affected Persons" means persons who on account of the execution of the Project had or would have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) business, occupation, work or place of residence or habitat adversely affected, and "Affected Person" means individually all those who qualify as "Affected Persons";

(b) "BWDB" means the Bangladesh Water Development Board established and operating pursuant to the Bangladesh Water and Power Development Board Order,

1972 (P.O. No. 59 of 1972) as amended as Bangladesh Water Development Board Act 2000 under Ministry of Water Resources;

(c) “DAE” means the Department of Agriculture Extension of the Borrower’s Ministry of Agriculture;

(d) “DOE” means the Department of Environment under the Borrower’s Ministry of Environment and Forests;

(e) “DOF” means the Department of Fisheries of the Borrower’s Ministry of Fisheries and Livestock;

(f) “Eligible Categories” means Categories 1, 2(a), 3(a), 4(a), 5(a) set forth in the table in Part A.1 of Schedule 1 to this Agreement in respect of BWDB Special Account, and Categories 2(b), 3(b), 4(b) and 5(b) set forth in the table in Part A.1 of Schedule 1 to this Agreement in respect of WARPO Special Account;

(g) “Eligible Expenditures” means the expenditures for goods, works and services referred to in Section 2.02 of this Agreement;

(h) “EMF” means the Environmental Management Framework dated March 2004, agreed upon between the Borrower and the Association;

(i) “FCD schemes” means the flood control and drainage schemes designed, developed implemented, or supervised under Part A and Part B of the Project, and which shall have been selected in accordance with criteria agreed with the Association;

(j) “FCDI schemes” means the flood control, drainage and irrigation schemes designed, developed, implemented, or supervised under Part A and Part B of the Project, and which shall have been selected in accordance with criteria agreed with the Association;

(k) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of this Agreement;

(l) “FY” or “Fiscal Year” means the fiscal year of the Borrower commencing on July 1 and ending on June 30 of the following year;

(m) “Guidelines for Participatory Water Management” means the guidelines prepared by the Borrower and approved in 2001, providing detailed operational modalities and procedures to involve stakeholders in water management, including transfer of appropriate water management activities to such stakeholder groups;

(n) “IPSWAM” means the Integrated Planning for Sustainable Water Management Project supported by the Government of the Netherlands;

(o) “LGED” means the Local Government Engineering Department of the Local Government Division of the Borrower’s Ministry of Local Government, Rural Development and Cooperatives;

(p) “Management Transfer” means transfer of management responsibility of Project schemes for whole or part of the system to the WMOs (as hereinafter defined);

(q) “MOWR” means the Borrower’s Ministry of Water Resources;

(r) “NGO” means a Non-Governmental Organization;

(s) “OMPI “ means Operations and Maintenance Performance Improvement activities to be financed in Project schemes under Part A and Part B of the Project;

(t) “PCU” means the Project Coordination Unit referred to in paragraph 2 of Schedule 4 to this Agreement;

(u) “PSC” means the Project Steering Committee, established by the Borrower on March 31, 2004, and referred to in paragraph 1 of Schedule 4 to this Agreement;

(v) “PSM” means Participatory Scheme-Cycle Management approach in which beneficiary stakeholders participate in every stage of the planning and implementation of rehabilitation, improvement and operations and maintenance of the FCD/FCDI schemes;

(w) “Procurement Act” means Borrower’s Public Procurement Act of 2006;

(x) “Procurement Regulations” means the Borrower’s Public Procurement Regulations, 2003;

(y) “Procurement Laws” include collectively the Borrower’s Public Procurement Regulations dated October 1, 2003, and Borrower’s Public Procurement Act of 2006;

(z) “R & I” means rehabilitation and improvement works involving repair, reconstruction or improvement of FCD/FCDI schemes, selected or proposed to be selected by the Borrower under Part A of the Project;

(aa) “Report-based Disbursements” means the Borrower’s option for withdrawal of funds from the Credit Account referred to in Part A.5 of Schedule 1 to this Agreement;

(bb) “Resettlement Action Plan” or “RAP” means the plan to be prepared on the basis of RPF (as hereinafter defined) and agreed upon between the Borrower and the Association during Project implementation;

(cc) “Resettlement Policy Framework” or “RPF” means the Framework dated February 2004, agreed upon between the Borrower and the Association for the resettlement and rehabilitation of the Affected Persons;

(dd) “Selection Criteria” means the entry criteria for Part A and Part B schemes referred to in Schedule 5 to this Agreement;

(ee) “SIMT” means System Improvement and Management Transfer activities carried out under Part A of the Project using PSM approach;

(ff) “Special Account” means Convertible Taka Special Account described in the Circular dated September 2, 1991, as revised on May 4, 1992, and December 24, 1992, of the Finance Division of the Borrower’s Ministry of Finance entitled “Procedures for Operation of Convertible Taka Special Account (CONTASA) of IDA-Aided Development Projects, under Government, Departments, Autonomous, and Semi-Autonomous Bodies”, as such circular may be amended from time to time in agreement with the Association and as the case may be, referred to in Part B of Schedule 1 to this Agreement;

(gg) “Taka” or Tk” means the currency of the Borrower;

(hh) “WARPO” means the Water Resources Planning Organization, established and operating under the Water Resources Planning Organization ACT 1992 under the MOWR; and

(ii) “WMOs” means Water Management Organizations, established under the Cooperative Societies Act, and consisting of, inter alia, WMG (Water Management Group), WMA (Water Management Association) and WMF (Water Management Federation).

## **ARTICLE II**

### **The Credit**

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to sixty seven million five hundred thousand Special Drawing Rights (SDR 67,500,000).

Section 2.02. The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Credit.

Section 2.03. The Closing Date shall be June 30, 2015, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on February 1 and August 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each February 1 and August 1 commencing February 1, 2018, and ending August 1, 2047. Each installment to and including the installment payable on August 1, 2027, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

- (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and
- (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

### **ARTICLE III**

#### **Execution of the Project**

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate water



resources management practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03. For the purposes of Section 9.06 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Association, and furnish to the Association not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Association, a plan for the future operation of the Project; and

(b) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan.

Section 3.04. The Borrower shall: (i) no later than August 31, 2008, appoint implementation support consultants, with the terms of reference satisfactory to the Association; (ii) by March 31, 2008, for the first year and no later than March 31 each year, prepare and furnish to the Association for review and comment, an annual program and budget requirements for Part A and Part B FCD/FCDI schemes to be financed by the Association; (iii) no later than June 30 of each year, prepare and furnish to the Association for review and comment, annual work program and budget for the entire Project; and (iv) no later than January 31, 2008, appoint a Procurement Panel, as referred to in paragraph 10 of Schedule 4 to this Agreement.

Section 3.05. The Borrower, following participatory scheme cycle management (PSM) approach, shall: (a) carry out the system improvement (rehabilitation and improvement) works in accordance with acceptable design standards and construction specifications and in accordance with the RPF, the EMF and individual scheme Environmental Management Plans; and (b) carry out the Operation and Maintenance (O&M) performance improvement activities in accordance with acceptable design standards and maintenance specifications.

## ARTICLE IV

### Financial Covenants

Section 4.01. (a) The Borrower shall:

- (i) cause BWDB to establish and maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures related to Parts A, B, C.1 and C.3 of the Project; and
- (ii) cause WARPO to establish and maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect its operations and financial condition and to register separately the operations, resources and expenditures related to Part C.2 of the Project.

(b) The Borrower shall cause BWDB and WARPO to:

- (i) have the respective financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Association), audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association;
- (ii) furnish to the Association as soon as available, but in any case not later than six (6) months after the end of each such year (or such other period agreed to by the Association): (A) certified copies of the respective financial statements referred to in paragraph (a) of this Section for such year (or such other period agreed to by the Association), as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and
- (iii) furnish to the Association such other information concerning such records, accounts and the audit of such financial statements, and concerning said auditors, as the Association may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of reports referred to in Part A.5 of Schedule 1 to this Agreement (Report-based Disbursements) or on the basis of statements of expenditure, the Borrower shall:

- (i) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Association has received the audit report for, or covering, the fiscal year in which the last withdrawal from the Credit Account was made;
- (ii) enable the Association's representatives to examine such records; and
- (iii) ensure that such reports or statements of expenditure are included in any audit that the Association may have requested pursuant to paragraph (b) of this Section.

Section 4.02. (a) The Borrower shall cause BWDB and WARPO to prepare and furnish to the Association, the respective financial monitoring reports, in form and substance satisfactory to the Association, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Credit, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association not later than forty five (45) days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association not later than forty five (45) days after each subsequent calendar quarter, and shall cover such calendar quarter.

**ARTICLE V**

**Termination**

Section 5.01. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

**ARTICLE VI**

**Representative of the Borrower; Addresses**

Section 6.01. The Secretary, the Additional Secretary, Joint Secretary, Deputy Secretary, Senior Assistant Secretary, Assistant Secretary, Joint Chief, Deputy Chief, Senior Assistant Chief, or Assistant Chief of the Economic Relations Division of the Ministry of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Economic Relations Division  
Ministry of Finance  
Government of the People's Republic  
of Bangladesh  
Sher-e-Bangla Nagar  
Dhaka, Bangladesh

Cable address:	Telex:	Facsimile:
BAHIRSAMPAD	642226 SETU BJ	88028113088

For the Association:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	(202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Dhaka, People's Republic of Bangladesh, as of the day and year first above written.

PEOPLE'S REPUBLIC OF BANGLADESH

By

/s/ Md. Aminul Islam Bhuiyan  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

/s/ Xian Zhu  
Country Director  
Bangladesh

**SCHEDULE 1**

**Withdrawal of the Proceeds of the Credit**

Part A: General:

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit and the Netherlands Grant, the allocation of the amounts of the Credit and the Netherlands Grant to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of expenditures to be financed	Amount of the Netherlands Grants (Expressed in US\$)	% of expenditures to be financed
(1) Works		70%		17%
(a) Improvement of Schemes (under Part A)	24,410,000		10,000,000	
(b) Operation & Maintenance Performance Improvement	13,200,000		5,000,000	
(2) Goods and Equipment, including vehicles:		100%		100%
(a) For BWDB	3,960,000		-----	
(b) For WARPO	-----		1,100,000	

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of expenditures to be financed	Amount of the Netherlands Grants (Expressed in US\$)	% of expenditures to be financed
(3) Consultants' services:		100%		100%
(a) For BWDB	9,900,000		-----	
(b) For WARPO	-----		1,500,000	
(4) Training and Studies:		100%		100%
(a) For BWDB	5,280,000		-----	
(b) For WARPO	-----		1,000,000	
(5) Incremental Operating Costs:		70%		
(a) For BWDB	3,960,000		-----	
(b) For WARPO	140,000		-----	
(6) Unallocated	6,650,000		1,400,000	
TOTAL	67,500,000		20,000,000	

2. For the purposes of this Schedule, the term "Incremental Operating Costs" means: (i) the costs of office utilities, supplies (including fuel and maintenance costs), stationeries and salaries and allowances of additional staff employed by BWDB, exclusively for purposes of the Project, bank charges, and advertising expenses; and (ii) the costs of office utilities, supplies (including fuel and maintenance costs), and stationeries incurred by WARPO, exclusively for the implementation of the Project, bank charges, and advertising expenses.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement; (b) payments made for expenditure for FCD and FCDI schemes under Category (1), unless such schemes are selected using the "selection criteria" agreed with

the Association as identified in Schedule 5 to this Agreement, and have been prepared and finalized in accordance with the PSM approach and other terms and conditions approved by the Association; and (c) payments made for expenditures under Part A and Part B of the Project, unless: (i) BWDB has strengthened its Procurement Cell with adequate staffing and resources, in a manner acceptable to the Association; and (ii) BWDB's implementation support consultant's contract for Part A and Part B is ready for award.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods costing less than \$100,000 equivalent per contract; (b) works costing less than \$500,000 equivalent per contract; (c) for services of individual consultants costing less than \$50,000 equivalent per contract; and (d) for services of consulting firms under contracts costing less than \$100,000 equivalent per contract; (e) Incremental Operating Costs; and (f) Training and Studies, all under such terms and conditions as the Association shall specify by notice to the Borrower.

5. The Borrower may request withdrawals from the Credit Account to be made on the basis of reports to be submitted to the Association in form and substance satisfactory to the Association, such reports to include the FMR and any other information as the Association shall specify by notice to the Borrower (Report-based Disbursements). In the case of the first such request submitted to the Association before any withdrawal has been made from the Credit Account, the Borrower shall submit to the Association only a statement with the projected sources and applications of funds for the Project for the six-month period following the date of such request.

B. Special Accounts

1. The Borrower may, for the purpose of the Project:

(a) open and maintain in Taka, a separate special deposit account in the name of BWDB (the BWDB Special Account) in a commercial bank acceptable to the Association, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment; and

(b) open and maintain in Taka, a separate special deposit account in the name of WARPO (the WARPO Special Account) in a commercial bank acceptable to the Association, on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure and attachment.

2. After the Association has received evidence satisfactory to it that the respective Special Account have been opened, withdrawals from the Credit Account of amounts to be deposited into the respective Special Account shall be made as follows:

(a) if the Borrower is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and



(b) if the Borrower is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the respective Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of the respective Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Association shall not be required to make further deposits into the respective Special Account:

(a) if the Association, at any time, is not satisfied that the reports referred to in Part A.6 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

(b) if the Association determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Borrower directly from the Credit Account; or

(c) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 b(ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of: (A) the records and accounts for the respective Special Account; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.

5. The Association shall not be required to make further deposits into the respective Special Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Association shall determine, in its sole discretion, whether further deposits into the respective Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

6. (a) If the Association determines at any time that any payment out of the respective Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association, provide such additional evidence as the Association may request, or deposit into the respective Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment. Unless the Association shall otherwise agree, no further deposit by the Association into the respective Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association determines at any time that any amount outstanding in the respective Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the respective Special Account.

(d) Refunds to the Association made pursuant to subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Credit Agreement.

**Annex A**  
**to**  
**SCHEDULE 1**

**Operation of Special Accounts**  
**When Withdrawals Are Not**  
**Report-based Disbursements**

1. For the purposes of this Annex, the term “Authorized Allocation” means an amount equivalent to Tk. 250,000,000 in respect of BWDB Special Account and an amount equivalent to Tk. 10,000,000 in respect of WARPO Special Account, to be withdrawn from the Credit Account and deposited into the respective Special Accounts pursuant to paragraph 2(a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to Tk. 125,000,000 in respect of the BWDB Special Account until the aggregate amount of withdrawals from the Credit Account allocated to Categories 1(a), 1(b), 2(a), 3(a), 4(a) and 5(a) plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 13,000,000.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for deposit into the respective Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account such amount as the Borrower shall have requested.

(b) For replenishment of the respective Special Account, the Borrower shall furnish to the Association requests for deposit into the respective Special Account at such intervals as the Association shall specify. Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to Part B.3 of Schedule 1 to this Agreement for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the respective Special Account for Eligible Expenditures. Each such deposit into the respective Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Eligible Categories.

3. The Association shall not be required to make further deposits into the respective Special Account, once the total unwithdrawn amount of the Credit minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the

remaining unwithdrawn amount of the Credit shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the respective Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

**Annex B  
to  
SCHEDULE 1**

**Operation of Special Account  
When Withdrawals Are  
Report-based Disbursements**

1. Withdrawals from the Credit Account shall be deposited by the Association into the respective Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the respective Special Account shall be withdrawn by the Association from the Credit Account under one or more of the Eligible Categories.
  
2. Upon receipt of each application for withdrawal of an amount of the Credit, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Association has determined, based on the reports referred to in Part A.5 of this Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such reports.

## SCHEDULE 2

### Description of the Project

The objectives of the Project are: (a) to improve national water resources management by involving the local communities to play an expanded role in all stages of the participatory scheme cycle management; and (b) to enhance institutional performance of the Borrower's principal water institutions, particularly BWDB and WARPO.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

#### Part A: System Improvement and Management Transfer

1. Rehabilitation and improvement (R&I) of about 102 existing medium and large FCD and FCDI schemes of BWDB, covering approximately 378,000 ha, selected on the basis of criteria specified in Schedule 5 to this Agreement.
2. Provision of technical advisory services and training, and logistical assistance and carrying out of works: (a) for PSM associated with implementing the System Improvement and Management Transfer of selected FCD/FCDI schemes; (b) to support the establishment and strengthening of WMOs and subsequent mainstreaming and upscaling of the PSM approach to BWDB; and (c) to support social mobilization and capacity building to assist WMOs to become fully functional and sustainable and to enable BWDB field offices to implement PSM approach.
3. Further refining of the PSM approach, piloted in several water sector projects, in order to improve its sustainability, through: (a) the timely provision of technical advisory services with a clearly articulated exit strategy; and (b) the involvement of NGOs for building capacity of community organizers/extension overseers and promoting development of partnership between BWDB and the WMOs using NGOs and community based organizations.

#### Part B: Operations and Maintenance Performance Improvement

1. Carrying out Operations and Maintenance Performance Improvement, following PSM approach, in about 98 medium and large FCD and FCDI schemes of BWDB, covering approximately 410,200 ha, selected on the basis of criteria specified in Schedule 5 to this Agreement.
2. Development through the BWDB of more innovative contractual arrangements such as, *inter alia*, annual maintenance contract or performance based contract to undertake and finance annual O&M to provide assured and timely service.

Part C: Institutional Improvement

1. Supporting BWDB institutional strengthening, through the provision of technical advisory services, including consultants for change management, capacity building and training, computers, office equipments, vehicles, survey and monitoring equipments, and other required physical facilities; (a) for the implementation of BWDB reforms, focusing primarily on implementation of decisions already made by the Borrower to restructure and strengthen BWDB as a water resources management agency rather than just a development agency; and support initiatives to make its operations more effective, efficient and transparent, including human resource development; (b) for determining the skill requirements of BWDB and staff the organization with appropriately skilled staff with a mix of engineering, environment, water management, drainage, community mobilization, agricultural extension and related skills; and (c) for providing training, capacity building, and reorientation and change management inputs to staff, along with recruitment of appropriately skilled staff.

2. Supporting WARPO institutional strengthening, through the provision of technical advisory services, including consultants for change management, capacity building and training, computers, office equipments, vehicles, and survey and monitoring equipments, and updating of national water resources database and IT support.

3. Provision of technical advisory services, logistical assistance, office and transport equipment facilities: (a) to facilitate the establishment, operation and facilitation of the PCU; (b) to carry out a systematic monitoring and evaluation as well as learning activities; and (c) carrying out of selective strategic studies, reviews like annual ex-post procurement audit reviews and other thematic studies as relevant and as needed.

\* \* \*

The Project is expected to be completed by December 31, 2014.

### **SCHEDULE 3**

#### **Procurement**

##### Section I. Procurement of Good and Works

###### Part A: General

Except as the Association shall otherwise agree, procurement of the goods and works to be financed out of the proceeds of this Credit shall be governed by the provisions of this Section I.

###### Part B: International Competitive Bidding

1. All goods estimated to cost the equivalent of \$300,000 or more per contract and works estimated to cost the equivalent of \$2,000,000 or more per contract, shall be procured under contracts awarded in accordance with the provisions of Section II of the "Guidelines for Procurement under IBRD Loans and IDA Credits", published by the Bank in May 2004, revised October 2006 (the Guidelines), and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Preference for Domestically Manufactured Goods

The provisions of paragraphs 2.55 and 2.56 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

(b) Notification and Advertising

The invitation to prequalify or bid for each contract shall be advertised in accordance with the procedures applicable under paragraph 2.8 of the Guidelines.

###### Part C: Other Procurement Procedures

###### 1. National Competitive Bidding

All contracts for works estimated to cost less than \$2,000,000 equivalent per contract, and all contracts for goods estimated to cost less than \$300,000 equivalent per contract, may be procured under National Competitive Bidding procedure in accordance with the Borrower's Procurement Laws.

For the purpose of National Competitive Bidding, the following shall apply: (a) post bidding negotiations shall not be allowed with the lowest evaluated or any other bidder; (b) bids should be submitted and opened in public in one location immediately after the deadline for submission; and (c) rebidding shall not be carried-out without the Association's prior concurrence.



2. Shopping

All contracts for goods and works estimated to cost less than \$20,000 equivalent per contract, may be procured using Shopping procedure in accordance with the Borrower's Procurement Laws.

3. Direct Contracting

All goods estimated to cost less than \$2000 equivalent per contract, may be procured through Direct Contracting procedure in accordance with the Borrower's Procurement Laws.

4. Community Participation

Works required for routine maintenance, water management community schemes or similar works with poverty alleviation objectives estimated to cost less than \$10,000 equivalent per contract may be procured directly through community participation in accordance with the Borrower's Procurement Laws.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, a procurement plan for goods and works, which shall include contract cost estimates, contract packaging, and applicable procurement procedures, shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Such plan shall be updated at least every twelve (12) months during the execution of the Project always covering the next eighteen (18) months, and each such updating shall be furnished to the Association for its review and approval. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

With respect to (i) each first contract for goods by BWDB and WARPO regardless of value, and thereafter all contracts estimated to cost US\$100,000 equivalent or more; (ii) each first contract for works regardless of value in each zone, and thereafter all contracts estimated to cost US\$500,000 equivalent or more; and (iii) each first contract in each zone awarded on the basis of Community Participation, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the Association may, at its own discretion, carry out post review/procurement audit of any contract awarded in accordance with this Section and may take action in accordance with paragraph 1.12 of the Guidelines. The Borrower shall carry out procurement review of

such contracts by independent consultant in accordance with the provision of the Borrower's Procurement Laws.

## Section II. Employment of Consultants

### Part A: General

Consultants' services shall be procured in accordance with the provisions of Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers", published by the Bank in May 2004, revised October 2006 (the Consultant Guidelines), paragraph 1 of Appendix 1 thereto, Appendix 2 thereto and the following provisions of Section II of this Schedule.

### Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, and the provisions of paragraphs 3.15 through 3.20 thereof applicable to quality- and cost-based selection of consultants.
2. The following provision shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph: the short list of consultants for services estimated to cost less than \$200,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 and footnote 11 of the Consultant Guidelines.

### Part C: Other Procedures for the Selection of Consultants

1. Fixed Budget Selection (FBS): Services through firms estimated to cost less than \$200,000 per contract may be procured following selection under a fixed budget method in accordance with the Borrower's Procurement Laws. All contracts costing \$200,000 or more, shall follow the FBS method in accordance with the Consultant Guidelines.
2. Fixed Budget Selection (FBS) or Least Cost Selection (LCS): Services through firms estimated to cost less than \$100,000 per contract may be procured following FBS or LCS method, in accordance with the Borrower's Procurement Laws.
3. Single-Source Selection (SSS): Specific consultants' services through firms, estimated to cost less than \$50,000 per contract, may, with the Association's prior agreement, be procured following SSS method in accordance with the Borrower's Procurement Laws. All other specific contracts costing \$50,000 or more per contract, may, with the Association's prior agreement, be procured following the Consultant Guidelines.
4. Individual Consultants: Services of individual consultants for tasks, estimated to cost \$50,000 and more, that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded in accordance with the

provisions of paragraphs 5.1 through 5.4 of the Consultant Guidelines. All other individual consultants may be selected following the Borrower's Procurement Laws.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning

Prior to the issuance of consultants of any request for proposals, the proposed plan for the selection of consultants, which shall include contract cost estimates, contract packaging, and applicable selection procedures, shall be furnished to the Association for its review and approval, in accordance with the provision of paragraph 1 of Appendix 1 to the Consultant Guidelines. Such plan shall be updated at least every 12 months during the execution of the Project always covering the next 18 months, and each such updating shall be furnished to the Association for its review and approval. Selection of all consultants' services shall be undertaken in accordance with such selection plan (as updated from time to time) as shall have been approved by the Association.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 2, 3 and 4 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the report on the comparison of the qualifications and experience of candidates, the terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given. The provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall also apply to such contracts.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the Association may, at its own discretion, carry out post review/procurement audit of any contract awarded in accordance with this Section and may take action in accordance with paragraph 1.17 of the Consultants Guidelines. The Borrower shall carry out procurement review of such contracts by independent consultant in accordance with the provision of the Borrower's Procurement Laws.

## SCHEDULE 4

### Implementation Program

1. For the purpose of providing overall guidance during the implementation and monitoring of the Project, the Borrower shall maintain a Project Steering Committee (PSC) to be chaired by the Secretary of MOWR. The PSC, shall comprise representatives of the Borrower's ministries and authorities of fisheries, agriculture, environment, local government, and finance, the Planning Commission, the Economic Relations Division, the Implementation Monitoring and Evaluation Division of the Planning Ministry, and upon invitation, representatives of WMOs and relevant line agencies, including, *inter alia*, BWDB, WARPO, LGED, DAE, DOF and DOE. The PSC shall meet quarterly to review the implementation progress and future plans as well as to resolve implementation issues.
2. For the purpose of Project coordination, monitoring, financial management and reporting, the Borrower shall maintain a Project Coordination Unit (PCU) headed by a Project Director within BWDB to be responsible for the implementation of Parts A, B and C.1 and C.3 of the Project. The Director General of WARPO, or one of its Directors, shall coordinate the activities under Part C.2. WARPO shall designate a representative, who will work with the PCU on a regular basis to keep it apprised of the performance and status of Program implementation of Part C.2.
3. For the purpose of ensuring participation of WMOs in all stages of Project planning, design, construction and O&M, BWDB shall cause appropriate WMOs at the scheme level to be established, soon after community mobilization for the selected schemes. The WMOs shall, *inter alia*, assist in the dissemination of information on planning, implementation, operations and maintenance of the scheme, in seeking beneficiaries' feedback, consent and participation, in the process of land acquisition, if required by the schemes, and in undertaking other actions in support of the scheme objectives and in resolving problems/conflicts among various stakeholders that may arise during planning, implementation and subsequent O&M.
4. The Borrower shall:
  - (a) enter into an agreement with each of the WMOs to ensure that they agree with the rehabilitation and improvement plan for Part A Schemes, agree to contribute towards the O&M costs during rehabilitation, and are willing to take over the management responsibility for full or part of the system at the end of one-year trial operation, prior to rehabilitation and improvement of any scheme;
  - (b) enter into an agreement with each of the WMOs to ensure that they agree with the O&M plan for Part B schemes, agree to contribute towards their O&M costs, and are willing to take over the management responsibility for full or part of the system at the end of one-year trial operation;
  - (c) make necessary arrangements to ensure that, during one-year trial operation, the defects, if any, in the rehabilitated and improved works, identified through

a joint walk-through by WMO, consultant's representatives and BWDB, shall be rectified by the contractor to the satisfaction of the WMO and BWDB;

(d) ensure that the management transfer shall take place and the final payment will be made to the contractor only upon satisfactory compliance with (a), (b) and (c) above;

(e) ensure that the WMOs, at the suitable hierarchy, shall be established under the Borrower's Cooperative Societies Act; and

(f) ensure that the WMOs shall become self-sustaining during the O&M period, and that BWDB shall hand over user rights over BWDB assets (including *inter alia* rehabilitated system, associated land and water bodies) to the WMOs through periodic lease agreements for the WMOs to generate income from managing these assets for sustainable management of the schemes handed over to them.

5. In the carrying out of rehabilitation of FCD or FCDI schemes under the Project, the Borrower shall:

(a) without limitation to the provisions of Section 9.08 of the General Conditions, cause land and rights to land to be acquired for purposes of the Project, in accordance with procedures and time schedules satisfactory to the Association;

(b) cause preparation of Resettlement Action Plan, if triggered by RPF, for the project schemes under Part A for review and approval by the Association, prior to civil works packages are accepted for financing;

(c) cause the resettlement and rehabilitation of the Affected Persons to be carried out in accordance with the provisions of the Resettlement Action Plan, consistent with the Resettlement Policy Framework;

(d) cause such schemes to be carried out in accordance with the Guidelines for Participatory Water Management;

(e) ensure that the rehabilitation of physical works on any scheme are not carried out until such time as the WMOs are formed, have undertaken key initial environmental training, undertaken joint walk-through and have signed a Memorandum of Understanding on necessary mitigation measures in accordance with the EMF;

(f) ensure clear, expedited and streamlined procedures for environmental clearance under the Borrower's Environmental Conservation Rules, 1997 for FCD/FCDI schemes up to 5000 hectares, and initiate all necessary action to seek appropriate amendments to the Borrower's Environmental Conservation Act, 1995 for rehabilitation work-related to all FCD/FCDI schemes;

(g) ensure that the selection criteria for the FCD/FCDI schemes specified in Schedule 5 to this Agreement are applied; and

(h) complete the PSM cycle and proper management transfer to WMOs using own resources in case the cycle is not completed within the Project period.

6. The Borrower shall ensure that all the FCD/FCDI schemes to be included in the Project: (i) shall include the Borrower's matching funds (100% of engineering and administration cost and its share of the maintenance cost); and (ii) shall be made available on a timely basis.

7. (a) The Borrower shall take all adequate measures to make available necessary counterpart funds on a timely basis for Part B of the Project. Notwithstanding the provision of the Table in Schedule 1 to this Agreement, it is understood that Category 1(b) in said Table shall become inaccessible from the following fiscal year, in case the Borrower fails to comply with its counterpart funding obligations.

(b) Notwithstanding the provision of the Table in Schedule 1 to this Agreement, it is understood that O&M funding under Category 1(b) shall be discontinued for non-performing schemes or in case of a failure in management transfer to the WMO.

8. The Borrower shall cause WARPO to carry out Part C.2 of the Project and to be responsible for updating of the national water resources database, including responsibility for reviewing and updating the data dissemination procedures to the data users to ensure that they are in accord with sound technical, social, economic, financial, and environmental practices, and collecting, collating and disseminating water sector data.

9. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators satisfactory to the Association, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about October 31, 2010, and June 30, 2013, respectively, a mid-term review report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Association, by January 1, 2011, and November 30, 2013, respectively, or such later date as the Association shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association's views on the matter.

10. The Borrower shall:

(a) in order to ensure general oversight of the procurement process, establish, no later than January 31, 2008, a Procurement Panel consisting of two international experts, two national experts with experience in construction representing other Ministries or Agencies of the Borrower, one national expert from BWDB who shall also be the secretary of the Procurement Panel and appoint Chairperson of the Panel out of the four members. The Procurement Panel shall, inter alia, (i) review the bidding documents for large contracts that are subject to prior review; (ii) receive bids, evaluate bids, and prepare bid evaluation reports for approval of award by the relevant authority and review notification of award for the contract before issuance; (iii) carry out the ex-post review of bidding procedures followed in smaller contracts that are not subject to prior review and procured by the BWDB and WARPO; and (iv) make field visits to a number of sites and check the quality of construction and performance of the contractors;

(b) prepare and submit, for review, to the Procurement Panel a schedule of procurement actions for the whole year, which shall include, inter alia, documents prepared for bidding during the next quarter and bids invited during the last quarter;

(c) establish a credible system for handling complaints regarding procurement, which shall, inter alia, include an oversight by a steering committee, maintenance of a database, a standard protocol with appropriate triggers for carrying out investigations, and taking action against involved parties;

(d) establish an internet website, accessible to all bidders and interested person equally and free of charge, to provide information about the procurement cycle, including procurement notices, invitation to bid, bid documents and RFPs as issued, latest information on procurement contracts, status of evaluation, award and performance under the contracts; and

(e) appoint, no later than August 31, 2008, project implementation support consultants, with terms of reference satisfactory to the Association.

**SCHEDULE 5**

**Criteria for Selection of Part A and Part B Schemes**

<b>Criteria</b>	<b>Part A: SIMT</b>	<b>Part B: OMPI</b>
Fit in hydrological region/sub-region	Yes	Yes
Size	>1000 ha, but < 15,000 ha	>1000ha but < 15,000 ha
Type of project	FCD or FCDI	FCD or FCDI
Scheme Database	Ready or under preparation	Ready
Operational Status	Operational, requires rehabilitation	Operational, does not require rehabilitation



<b>Criteria</b>	<b>Part A: SIMT</b>	<b>Part B: OMPI</b>
Social	<ul style="list-style-type: none"> <li>• Local community puts in a request for WMIP project support and, as an indicator of its interest, is ready to contribute 2.0-3.0 percent of the R&amp;I costs which will be used as seed money for O&amp;M and will be managed by the WMO after management transfer. WMO also have to mobilize its share of resources to cover O&amp;M costs, post R&amp;I.</li> <li>• Absence of major conflicts in the communities and between occupational groups.</li> <li>• Requiring no or minimal displacement of people and land acquisition, and not involving sensitive areas.</li> <li>• Schemes with larger population of poor people (in terms of head count) will be given preference.</li> <li>• Schemes located in areas that are more vulnerable to floods, cyclones and erosion will be given preference.</li> </ul>	<ul style="list-style-type: none"> <li>• Local community puts in a request for WMIP project support and, as an indicator of its interest, is ready to contribute its share of the O&amp;M costs.</li> <li>• Absence of major conflicts in the communities and between occupational groups.</li> <li>• Requiring no or minimal displacement of people and land acquisition, and not involving sensitive areas.</li> <li>• Schemes with larger population of poor people (in terms of head count) will be given preference.</li> <li>• Schemes located in areas that are more vulnerable to floods, cyclones and erosion will be given preference.</li> </ul>

<b>Criteria</b>	<b>Part A: SIMT</b>	<b>Part B: OMPI</b>
Institutional/Status of WMO	<ul style="list-style-type: none"><li>• Already existing WMOs (formal/informal) or willingness of people to organize themselves.</li> <li>• Broad participation by different occupational groups (including women) in existing or emerging WMOs.</li></ul>	<ul style="list-style-type: none"><li>• A WMO or similar organization is present, or willingness of people to organize themselves.</li> <li>• Well-attended general meetings, good records and minutes.</li> <li>• Positive attitude towards leaders.</li> <li>• No disruptive factionalism or politics.</li> <li>• Initiatives taken to mobilize human resources for operations and maintenance.</li></ul>

<b>Criteria</b>	<b>Part A: SIMT</b>	<b>Part B: OMPI</b>
Environmental	<ul style="list-style-type: none"> <li>• The IEE/EIA prepared as part of the feasibility study.</li> <li>• <b>Inclusion:</b> Scheme(s) will be included in the WMIP if it either meets the acceptable environmental criteria as outlined in the EMF and/or the impacts can be mitigated by appropriate design or management.</li> <li>• <b>Exclusion:</b> Scheme(s) may cause major environmental damage of irreversible nature or violates an existing environmental rule or regulation i.e. a scheme may encroach into an ecologically critical area or a national/global heritage site. Such encroachments are prohibited by law as per the Environmental Conservation Rules of 1997.</li> </ul>	<ul style="list-style-type: none"> <li>• The IEE/EIA prepared as part of PRA</li> <li>• <b>Inclusion:</b> Scheme(s) will be included in the WMIP if it either meets the acceptable environmental criteria as outlined in the EMF and/or the impacts can be mitigated by appropriate design or management.</li> <li>• <b>Exclusion:</b> Scheme(s) may cause major environmental damage of irreversible nature or violates an existing environmental rule or regulation i.e. a scheme may encroach into an ecologically critical area or a national/global heritage site. Such encroachments are prohibited by law as per the Environmental Conservation Rules of 1997.</li> </ul>

Criteria	Part A: SIMT	Part B: OMPI
	<ul style="list-style-type: none"> <li>• <b>Exclusion:</b> Scheme(s) may pose a direct threat to one or more endemic species listed as endangered or threatened in the Red Book of IUCN. This would violate both the national policy of biodiversity conservation and international treaties signed by Bangladesh such as the Ramsar Convention and the Convention on Biodiversity.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Exclusion:</b> Scheme(s) may pose a direct threat to one or more endemic species listed as endangered or threatened in the Red Book of IUCN. This would violate both the national policy of biodiversity conservation and international treaties signed by Bangladesh such as the Ramsar Convention and the Convention on Biodiversity.</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• EIRR of scheme is above 12%.</li> <li>• The average R&amp;I cost is Tk 7000/ha for medium and Tk 6000/ha for large schemes. However, no more than 10% of the schemes should exceed Tk12000/ha.</li> </ul>	<ul style="list-style-type: none"> <li>• EIRR of scheme is above 12%.</li> <li>• Maintenance cost is below Taka 900 per ha, including engineering and administration (E&amp;A) cost of Tk 300/ha.</li> </ul>
BWDB Staffing	<ul style="list-style-type: none"> <li>• BWDB establishes Zonal Support Pool.</li> </ul>	<ul style="list-style-type: none"> <li>• Zonal Support Pool established and operational.</li> </ul>
Support services for agriculture and fisheries	<ul style="list-style-type: none"> <li>• BWDB has initiated steps to establish MOU with relevant GOB agencies [i.e. DAE and DOF] for their support services.</li> </ul>	<ul style="list-style-type: none"> <li>• BWDB has established MOU with relevant GOB agencies [i.e. DAE and DOF] for their support services.</li> </ul>
Complimentary Services	<ul style="list-style-type: none"> <li>• Scheme area covered by rural road/electrification program.</li> <li>• Scheme area covered by a credit program.</li> </ul>	<ul style="list-style-type: none"> <li>• Scheme area covered by rural road/electrification program.</li> <li>• Scheme area covered by a credit program.</li> </ul>

For the purpose of this Schedule 5:

“IEE” means Initial Environmental Examination

“EIA” means Environmental Impact Assessment

“PRA” means Participatory Rural Appraisal

“EIRR” means Economic Internal Rate of Return

“DAE” means Department of Agricultural Extension

“DOF” means Department of Fisheries